



## **Federal Transit Administration**

### **Request for Information Concerning the Capital Investment Grants Program**

**AGENCY:** Federal Transit Administration (FTA), Department of Transportation (DOT).

**ACTION:** Request for Information.

**SUMMARY:** The Federal Transit Administration is seeking suggestions from all transit stakeholders (transit authorities, planning officials, States, cities, the private sector, and the public) on improvements that could be made to the evaluation process for projects seeking funding from the Capital Investment Grants (CIG) Program. Specifically, FTA seeks input on evaluation measures and data sources that can better capture the benefits and costs of transit and how the CIG program can facilitate outcomes that maximize those benefits.

**DATES:** Comments should be submitted on or before [INSERT DATE 90 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. FTA will consider comments filed after this date to the extent practicable.

**ADDRESSES:** All responses MUST be submitted electronically to Docket No. FTA-2021-0010 at <http://www.regulations.gov>.

**FOR FURTHER INFORMATION CONTACT:** Elizabeth Day, Director, Office of Capital Project Development, (202) 366-5159, or [Elizabeth.Day@dot.gov](mailto:Elizabeth.Day@dot.gov).

#### **SUPPLEMENTARY INFORMATION:**

**BACKGROUND:** To receive discretionary Capital Investment Grants (CIG) program funding from the Federal Transit Administration (FTA), an applicant must complete the multi-year, multi-step process outlined in law at 49 U.S.C. 5309 for the proposed transit capital project. The law specifies evaluation criteria covering project justification and local financial commitment that FTA must use to develop a project rating on a five-point scale from low to high. It also specifies that a project must receive a Medium or better overall rating to advance through the process and receive CIG program funding. The law establishes three categories of projects

eligible under the CIG program, which are known as New Starts, Small Starts, and Core Capacity Improvement projects. Each project type has a unique set of requirements and evaluation criteria in law, although many similarities exist among them.

For New Starts and Core Capacity Improvement projects, the steps in the CIG process include project development, engineering, and construction. The CIG process for Small Starts projects includes only project development and construction. New Starts and Core Capacity Improvement projects receive construction funds from the CIG program through a full funding grant agreement (FFGA) that defines the scope of the project and specifies the total multi-year Federal commitment to the project. Small Starts projects receive construction funds through a single-year grant or a Small Starts grant agreement (SSGA) that defines the scope of the project and specifies the Federal commitment to the project.

There are six statutory project justification criteria that FTA must evaluate and rate individually for projects pursuing CIG funding that differ slightly between the three categories of projects.

The law requires each project justification criterion to be given a “comparable, but not necessarily equal, numerical weight” when FTA develops a summary project justification rating.

The law also requires FTA to evaluate local financial commitment. For New Starts and Core Capacity, the law requires FTA to determine whether: (A) the proposed financial plan provides for the availability of reasonable contingency to cover unanticipated cost increases or funding shortfalls; (B) each proposed local source of capital and operating financing is stable, reliable, and available within the proposed project timetable; and (C) local resources are available to recapitalize, maintain, and operate the overall existing and proposed public transportation system, including essential feeder bus and other services necessary to achieve the projected ridership levels, without requiring a reduction in existing public transportation services or level of service to operate the proposed project. For Small Starts projects the law requires FTA to determine that, “each proposed local source of capital and operating financing is stable, reliable, and available within the proposed project timetable.”

Lastly, the law requires FTA to issue policy guidance on the CIG review and evaluation process each time FTA makes significant changes to the process or criteria, but not less frequently than once every two years. When there are significant guidance changes proposed, the document is subject to notice and comment procedures.

For more information on the existing CIG process and evaluation criteria, please see the CIG Policy Guidance found at <https://www.transit.dot.gov/funding/grant-programs/capital-investments/final-capital-investment-grant-program-interim-policy>.

Through this request for information (RFI), FTA seeks input on the CIG process and evaluation criteria to inform the development of proposed changes to the existing CIG policy guidance that would undergo formal notice and comment in the future. The timing for publication of proposed CIG policy guidance is not certain and could be impacted by enactment of reauthorization legislation. FTA looks forward to feedback from all interested parties.

#### **CIG Process (New Starts, Small Starts and Core Capacity Improvements)**

1. The law currently specifies that the Project Development phase for New Starts and Core Capacity Improvement projects must be completed within two years, signifying Congress' intent that projects move through the CIG process expeditiously. However, the law allows project sponsors to seek, and FTA to approve, an extension of the two-year timeframe. Is there a maximum amount of time beyond two years that FTA should allow a project sponsor to extend Project Development to remain consistent with the statutory intent?
2. In addition to the requirements specified in law that must be completed to advance from one phase of the CIG process to the next, FTA has also issued CIG policy guidance. For example, FTA specifies in the guidance that a minimum of 30 percent design be completed and a minimum of 30 percent of the non-CIG funding be committed or budgeted before a New Start or Core Capacity Improvement project may advance from the Project Development phase to the Engineering phase. FTA also specifies in the

guidance that all types of CIG projects (New Starts, Small Starts, and Core Capacity) have all of the non-CIG funding committed or budgeted, all critical third-party agreements completed, and a firm and reliable cost, scope, and schedule developed before a construction grant is awarded. Should FTA alter any provisions of its CIG guidance? Please be specific as to the reason for the response and any proposed alterations.

**Economic Development Criterion (New Starts, Small Starts, and Core Capacity Improvements)**

FTA currently evaluates the Economic Development criterion for New Starts and Small Starts projects based on the extent to which a proposed project is likely to induce additional, transit-supportive development in the future. The evaluation is based on: 1) the transit-supportive plans and policies in place (e.g. growth management plans, transit-supportive corridor policies; supportive zoning regulations near transit stations; and tools to implement land use policies); 2) the performance and impacts of those policies; and 3) the tools in place to maintain or increase the share of affordable housing in the project corridor (e.g. evaluation of project corridor-specific affordable housing needs and supply, or plans or policies to preserve and increase affordable housing).

3. Should FTA consider under the Economic Development criterion whether a proposed CIG project is located in a federally designated community development zone (e.g. designated opportunity zones, promise zones, empowerment zones, or choice neighborhoods)? Please provide reasons for answering yes or no. [See <https://www.irs.gov/credits-deductions/opportunity-zones-frequently-asked-questions#designated>; [https://www.hud.gov/program\\_offices/field\\_policy\\_mgt/fieldpolicymgtpz](https://www.hud.gov/program_offices/field_policy_mgt/fieldpolicymgtpz); [https://www.hud.gov/hudprograms/empowerment\\_zones](https://www.hud.gov/hudprograms/empowerment_zones), and [https://www.hud.gov/program\\_offices/public\\_indian\\_housing/programs/ph/cn](https://www.hud.gov/program_offices/public_indian_housing/programs/ph/cn).]

4. Should FTA consider other ways of assessing whether local plans and policies are transit supportive and encourage affordable housing under the Economic Development criterion? Please be specific as to what different or additional metrics could be used, and what thresholds for these metrics could be deemed as transit- supportive.

#### **Land Use Criterion (New Starts and Small Starts)**

The Land Use criterion examines what exists in the project corridor today. FTA currently evaluates Land Use for New Starts and Small Starts projects based primarily on existing station area population densities, total existing employment served by the project, and the percentage of existing “legally binding affordability restricted” housing within a ½ mile of station areas as compared to the counties in which the corridor is located.

5. For equity considerations, should FTA evaluate measures under the Land Use criterion that are easy to calculate using census data, such as the minority population or the number of households in poverty along the alignment?
6. Should FTA consider “access to opportunity” under the Land Use criterion? If so, how specifically could FTA measure it? For example, should access provided by the project to education facilities, health care facilities, or food stores be considered? Please identify measures/data sources that would be readily available nationwide without requiring an undue burden on project sponsors to gather and FTA to verify the information.
7. In a *Memorandum on Redressing Our Nation’s and the Federal Government’s History of Discriminatory Housing Practices and Policies* (January 26, 2021), President Biden highlighted the Federal government’s history of disconnecting neighborhoods from access to high-quality housing, jobs, public transit, and other resources. Should FTA consider under the Land Use criterion whether the project corridor has been affected by major transportation projects in the past that destroyed, divided, or isolated neighborhoods? If so, how should FTA analyze and evaluate those impacts and consider them in the Land Use criterion?

8. The more measures used to develop a criterion rating, the less influence each measure has on the outcome. How many measures are appropriate to include in total under the Land Use criterion given the questions above? Should the use of multiple, strongly correlated measures be avoided?

**Environmental Benefits Criterion (New Starts, Small Starts, and Core Capacity Improvements)**

FTA currently evaluates Environmental Benefits for New Starts projects based on the dollar value of the anticipated direct and indirect benefits of the project resulting from the change in air quality criteria pollutants, change in energy use, change in greenhouse gas emissions, and change in safety divided by the annualized capital and operating cost of the proposed project. These benefits are computed based on the change in vehicle miles traveled resulting from implementation of the proposed project. The Environmental Benefits measure for Small Starts projects is currently the dollar value of the anticipated direct and indirect benefits to safety, energy, and air quality calculated in the same way as for New Starts projects but divided by the annualized Federal share of the project. Core Capacity Improvement projects receive an automatic Medium rating on the Environmental Benefits criterion unless the sponsor requests to be evaluated using the New Starts measures.

9. As mentioned in the existing CIG policy guidance, FTA intended to include the direct and indirect benefits to human health resulting from implementation of a proposed project in the Environmental Benefits measures, but has had difficulty in determining how to do so. How should FTA calculate the health benefits of transit projects? Please provide specific proposed measures and data sources that would be readily available across the nation without requiring an undue burden on project sponsors to gather the information or on FTA to verify the information.
10. Should FTA also consider impacts to water quality under the Environmental Benefits criterion? Please provide any available research or data on the impact of a transit project on water quality. Please identify measures/data sources that would be readily available

across the nation without requiring an undue burden on project sponsors to gather the information and FTA to verify the information.

**Cost Effectiveness Criterion (New Starts, Small Starts, and Core Capacity Improvements)**

FTA currently evaluates Cost-Effectiveness by measuring the annual capital and operating and maintenance cost per trip on the project (New Starts); the annualized capital Federal share of the project per trip on the project (Small Starts); or the annualized Core Capacity Improvement share of the project per trip (Core Capacity).

11. As an incentive to encourage project sponsors to consider “green” elements in their proposed CIG projects, FTA currently allows the additional costs of such elements to be excluded from the Cost-Effectiveness calculation for New Starts projects. Specifically, FTA allows 50 percent of the purchase cost of “green” buses and 2.5 percent of the cost of facilities designed to achieve U.S. Green Council Leadership in Energy and Environmental Design (LEED) or a comparable third-party certification to be excluded. Because the Core Capacity Improvement and Small Starts Cost-Effectiveness calculations are based only on the CIG share or Federal share and not the total annualized project cost, a similar incentive is not provided for those types of projects.

- (a) How could FTA further incentivize project sponsors to incorporate environmentally sustainable project elements into CIG projects? Please be specific in any suggestions provided.
- (b) Are there lifecycle cost savings or other benefits that transit agencies have realized from implementing “green” elements (i.e. evidence of fuel, maintenance, or parts savings)? Please provide examples or data.

### **Mobility Improvements (New Starts and Small Starts)**

FTA currently evaluates Mobility Improvements on the total number of linked trips estimated to use the proposed CIG project, with a weight of two given to trips that would be made on the project by transit-dependent persons.

12. Should more emphasis be placed on trips made by transit-dependent persons? Why or why not?

### **Capacity Needs (Core Capacity Improvements)**

The law specifies that to be eligible as a Core Capacity Improvement, a proposed project corridor must be at capacity today or will be in five years and the project must increase capacity by at least 10 percent. FTA currently uses space per passenger in the peak hour in the peak direction to evaluate Capacity Needs for light rail projects and seated load in the peak hour in the peak direction to evaluate Capacity Needs for commuter rail projects.

13. By what methods do transit agencies determine if a transit corridor is at capacity today or soon will be? Please be specific on the measures and calculations used. Are the measures based on readily available data routinely calculated by transit agencies or do they require a situation-specific analysis? Could the measures be applied in a national program evaluating various modes and corridors across the country?
14. What load factor policies do transit agencies use to determine when additional vehicles are needed on a transit line? Please provide specific examples of what load factors are used, and how they are calculated? Please include load factors used for each mode.

### **Congestion Relief (New Starts, Small Starts, and Core Capacity Improvements)**

For New Starts and Small Starts projects, FTA currently evaluates the number of new weekday linked trips resulting from implementation of the proposed project to determine Congestion Relief, which serves as an indirect measure of reduced traffic congestion because those trips typically represent people who have chosen to take transit rather than drive. For Core Capacity



Improvement projects, FTA evaluates the percent increase in capacity in the corridor resulting from the proposed project to determine Congestion Relief.

15. Should FTA evaluate Congestion Relief differently? If so, please identify measures/data sources that would be readily available at transit agencies across the nation without requiring an undue burden on project sponsors to gather the information and FTA to verify the information.

**Resiliency/Futureproofing (Not currently considered in the evaluation process)**

FTA regulations, at 49 CFR 602.5, define “resilience” as the “ability to anticipate, prepare for, and adapt to changing conditions and withstand, respond to, and recover rapidly from disruptions such as significant multi-hazard threats with minimum damage to social well-being, the economy, and the environment.”

16. Do transit agencies measure and evaluate resilience benefits of proposed capital projects? Do they use a quantitative approach? Please provide examples of specific metrics or analyses used.
17. Should resilience elements be formally incorporated into the CIG project evaluation process? If so, how might resilience be measured and incorporated? What thresholds would distinguish one project from another? Should FTA use its Hazard Mitigation Cost Effectiveness (HMCE) Tool to measure benefits and costs of resilience elements as it has done for projects considered for emergency relief funding (see <https://www.transit.dot.gov/funding/grant-programs/emergency-relief-program/hazard-mitigation-cost-effectiveness-hmce-tool>)? Please be specific in your responses.
18. The concept of “future-proofing” is often discussed along with resilience to ensure infrastructure projects will continue to be of value into the distant future and not become obsolete quickly. What emerging technologies may have an impact (positive or negative) on a transit system, and how can avoiding this situation be prepared for in the planning and design of CIG capital projects?

## **Local Financial Commitment (New Starts, Small Starts and Core Capacity Improvements)**

Currently, FTA evaluates three factors when examining Local Financial Commitment: (1) the current financial condition of the project sponsor; (2) the amount of committed funds; and (3) the reasonableness of financial planning assumptions and the resulting financial capacity they demonstrate. After evaluation of those three factors and calculation of a rating for Local Financial Commitment, FTA considers the CIG share request. Specifically, if the CIG share request is less than 50 percent and the calculated Local Financial Commitment rating is at least Medium, the rating is boosted one level. Small Starts and Core Capacity Improvement projects can qualify for financial warrants (automatic financial ratings) under certain circumstances.

19. Project sponsors that do not qualify for warrants (automatic financial ratings) must submit a 20-year cash-flow statement to FTA for evaluation and rating. Should FTA consider accepting cash flow statements for other time periods (e.g., a 10-year, 15-year, or 25-year project cash-flow statement)? If so, please explain why and the suggested time period.

FTA welcomes any additional feedback on the CIG program, including topics not listed in the questions above.

All interested parties are encouraged to respond to this RFI. Submissions are strictly voluntary. Individuals or entities responding to the RFI should state their role as well as knowledge and experience of the CIG program. FTA may request additional clarifying information from any or all respondents. If a respondent does not wish to be contacted by FTA for additional information, a statement to that effect should be included in the response. All information submitted should be unclassified and should not contain proprietary information.

FTA is not obligated to officially respond to the information received, but the responses will greatly assist FTA in developing proposed CIG policy guidance changes.

Comments may be submitted and viewed at Docket No. FTA-2021-0010 at  
<http://www.regulations.gov>.

Nuria I. Fernandez,

*Administrator.*

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